



To: Audit Committee Members

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Subject: Advisory Services – Internal control guidance for County Grants Administrator

During fiscal year 2023 the Internal Audit Department received information that a timecard was altered to prevent an intermittent/RETA employee from exceeding the allowable hours and/or pay per Nevada Revised Statute (NRS) 286.520. Internal Audit issued a report on October 16, 2023 with recommendations. On May 2, 2024 an email was sent requesting follow-up to the recommendations provided. The following is a restatement of the recommendations made by the Internal Audit Division with the inclusion of the management's response:

- Washoe County District Attorney's Office made a recommendation in two letters dated September 10, 2021. It was recommended that "Additional safeguards could be put in place to avoid these issues in the future. This could be accomplished by requiring PERS retirees that act as intermittent hourly employees or independent contractors to sign an updated agreement that would acknowledge termination of their employment when they reach said caps (Hourly and/or Compensation)." The Internal Audit Division recommends following the guidance provided by the Washoe County District Attorney's Office in 2021 be implemented, especially if the intermittent/RETA employee will be working for a temporary employment agency.
 - **Management Response:** *HR will work with the department HR Reps to distribute Intermittent Hourly Agreements and the PERS Re-Employed Retiree Earnings Limitation for the fiscal year notifications.*
- It is strongly recommended that employees separating from Washoe County employment and being employed by a temporary employment agency after separation are removed or restricted to the needs of their position in SAP and ESS to prevent the employee from exceeding their hours and/or pay per NRS 286.520 or accessing the County's technology systems while not employed by the County. It would also prevent improper payment of workers' compensation claims from being paid.

- **Management Response:** *During the 03/20/24 HR Rep meeting, HR went over the expectations of HR Reps monitoring their department's Intermittent Hourly staff. Departments are responsible for processing separation paperwork; removing EE TS & Badge access. Although not recommended by HR, departments have the discretion to send previous EE's through a temp agency. HR would not normally be notified of this action.*
- In addition to the email reminder sent by the Human Resources – Employee Services Division, an automated email from SAP/ESS is sent to the intermittent employee monthly stating the hours remaining from 1,039-hour requirement. It is recommended that this message is updated to include and remind the employee not to exceed the maximum fiscal annual pay determined by Nevada PERS annually.
 - **Management Response:** *Implemented January 1, 2024.*
- It is recommended to consider only allowing an intermittent/RETA employee to work for Washoe County as a true intermittent employee for the hour/pay limitation. Once that limit is reached, the employee can no longer work for the County in any capacity until the new fiscal year. Advise departments to not encourage employees switch to a temporary employment agency to bypass the Nevada PERS NRS requirements.
 - **Management Response:** *Implemented, this has been an ongoing practice of HR. HR can only recommend and has no control over departments utilizing the option of a temporary agency.*
- It is recommended that departments revisit the need for intermittent employees during the Budget cycle; determine if the position should be filled by a part-time, or full-time employee, as opposed to intermittent employees.
 - **Management Response:** *This is a department level process and will be reviewed at the department level.*
- It is recommended a reconciliation or cross-reference should be performed between the temporary employment agency accounts payable to hours submitted in ESS. It is imperative payment is made for services provided to the County is received by the employee to avoid labor law violations.
 - **Management Response:** *This is a department level process and will be reviewed at the department level.*
- It is recommended to update the *Intermittent Hourly Agreement* to include the updated Washoe County Code section reference. It currently references section 5.045 of the county code which was repealed December 23, 2022.
 - **Management Response:** *Implemented in May 2024.*